

Message Text

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PAGE 01 STATE 065375
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TAGS: EGEN, ECON, XC, XE, XP

SUBJECT: OFFICE OF ECONOMIC POLICY WEEKLY STATUS REPORT
MARCH 14, 1978

1. US-ASEAN CONSULTATIONS (CONFIDENTIAL)

IN ADDITION TO REPORTS FROM MANILA AND SINGAPORE
CONCERNING THE LEVEL OF REPRESENTATION AT NEXT US-ASEAN
MEETING, ERLAND'S DISCUSSION WITH WIDJOJO IN JAKARTA,
BILL GLEYSTEN'S TALK WITH MFA UNDER SECRETARY
PHANUPHONG IN BANGKOK, AND EMBASSY KUALA LUMPUR'S
REPORTS ON MFA SEC. GEN. ZAKARIA'S VIEWS INDICATE
THAT ALL FIVE ASEAN COUNTRIES ARE RECEPTIVE TO
MINISTERIAL MEETING. BUT, IN VIEW OF ASEAN'S SLOW
PROCESSES, IT MAY BE SOMETIME BEFORE ASEAN OFFICIALLY
DECIDES ON LEVEL OF REPRESENTATION- TIMING OF MEETING
CONFIDENTIAL

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PAGE 02 STATE 065375

MAY ALSO POSE A PROBLEM BECAUSE THE PROPOSED JULY
DATE MAY NOT ALLOW SUFFICIENT TIME FOR NECESSARY
PREPARATIONS. I THINK WE SHOULD NOW GET THE SECRETARY'S
AGREEMENT IN PRINCIPLE TO HEAD THE US DELEGATION,
TENTATIVELY AT THE END OF JULY AND I AM PREPARING A
MEMORANDUM FOR YOU.

2. ASEAN-WEST ASIAN INVESTMENT CONFERENCE IN
KUALA LUMPUR (LIMITED OFFICIAL USE)

IN OPENING THE CONFERENCE, MALAYSIAN DEPUTY PM MAHATHIR CALLED FOR A THREE WAY PARTNERSHIP BETWEEN ASEAN, THE INDUSTRIAL NATIONS AND WEST ASIAN (OIL-PRODUCING) COUNTRIES TO PROMOTE ECONOMIC GROWTH. HE ADDED THAT GOM POLICY WAS TO PROMOTE A SOUND, FAVORABLE INVESTMENT CLIMATE. OUR EMBASSY INTERPRETS THIS COMMENT AS AN EFFORT TO REASSURE DC INVESTORS AND THE CHINESE BUSINESS COMMUNITY. MAHATHIR FORECASTED INCREASED INVESTMENT IN ASEAN BECAUSE OF ITS COMPARATIVE ADVANTAGES. INCREASINGLY HIGH COSTS OF RAW MATERIALS AND TRANSPORTATION WOULD CAUSE INVESTORS TO LOCATE CLOSE TO RAW MATERIAL SOURCES, HE PREDICTED.

3. ADB PROPOSAL TO INCREASE SUPPORT FOR PRIVATE
INVESTMENT (LIMITED OFFICIAL USE)

THE US EXECUTIVE DIRECTOR TO ADB SUGGESTED TO THE AUSTRALIAN ED ESTABLISHING A TASK FORCE TO CONSIDER EXPANDING ADB SUPPORT FOR PRIVATE ENTREPRENEURSHIP AND PRIVATE INVESTMENT. SUCH AN EFFORT MIGHT BE UNDERTAKEN JOINTLY WITH THE IBRD INTERNATIONAL FINANCE CORPORATION AND PICA AND POSSIBLY WITH COMMERCIAL BANKS THROUGH CO-FINANCING ARRANGEMENTS. CANBERRA HAS ENDORSED
CONFIDENTIAL

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PAGE 03 STATE 065375

THIS IDEA, ESPECIALLY THAT THE BANK DO MORE TO SUPPORT PRIVATE INVESTMENT. THE GOA IS PREPARED TO PROPOSE THIS AT THE ADB ANNUAL MEETING IN VIENNA. THE US ED HAS ALREADY PROPOSED THAT SECRETARY BLUMENTHAL INCLUDE A SIMILAR SUGGESTION IN HIS STATEMENT TO ANNUAL MEETING.

4. UNCTAD TDB MINISTERIAL (LIMITED OFFICIAL USE)

THE UNCTAD TRADE AND DEVELOPMENT BOARD MINISTERIAL ON DEBT ENDED SUCCESSFULLY. THE FINAL RESOLUTION WHICH WAS FULLY CONSISTENT WITH THE US POSITION, DEALT ESSENTIALLY WITH RETROACTIVE TERMS OF ADJUSTMENT AND WITH FEATURES WHICH COULD PROVIDE GUIDANCE FOR FUTURE OPERATIONS RELATING TO DEBT PROBLEMS OF INTERESTED LDCS. THE G-77 WAS PLEASED WITH THE OUTCOME AND THE CONFERENCE CHAIRMAN DESCRIBED THE RESULTS AS A SIGNIFICANT BREAK-THROUGH IN NORTH-SOUTH COOPERATION AND A MAJOR MILESTONE IN THE JOINT EFFORTS TO ESTABLISH A MORE EQUITABLE INTERNATIONAL ORDER.

5. ASEAN-MTN CONSULTATIONS (LIMITED OFFICIAL USE)
FOLLOWING THE APRIL 1 MEETING OF ASEAN SENIOR TRADE
OFFICIALS IN SINGAPORE, ASEAN WILL MEET WITH US

REPRESENTATIVES TO DISCUSS MTN ISSUES. THE MEETING WILL NOT ONLY DEMONSTRATE OUR INTEREST IN ASEAN BUT ALSO FOCUS HIGH LEVEL ASEAN ATTENTION ON THE MTN.

6. TIN (LIMITED OFFICIAL USE)

THE ADMINISTRATION RECENTLY ANNOUNCED THAT IT WILL SUPPORT THE DECONCINI BILL WHICH LINKS TIN DISPOSAL AND COPPER PURCHASES. THE LONDON TIN MARKET WAS SURPRISED AT THE SIZE OF THE DISPOSAL (45,000 LT). EMBASSY LAPAZ AND JAKARTA HAVE EXPRESSED CONCERN THAT THE ADMINISTRATION WILL BE UNDER STRONG PRESSURE FROM US COPPER PRODUCING INTERESTS TO SELL LARGE QUANTITIES OF TIN, REGARDLESS OF THE EFFECT ON THE MARKET, SO THAT
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PAGE 04 STATE 065375

LARGE QUANTITIES OF COPPER MAY BE PURCHASED. THE ADMINISTRATION HAS GIVEN ASSURANCES THAT IT WILL CONSULT WITH TIN PRODUCERS BEFORE DISPOSING OF THE TIN. ALSO THE BILL CONTAINS A PROVISION STATING THAT DISPOSALS SHOULD AVOID DISRUPTION OF THE MARKET.

7. APCAC MEETING (LIMITED OFFICIAL USE)

PARTICIPATION BY USG OFFICIALS IN THE SEMI-ANNUAL APCAC MEETING WAS EXTREMELY USEFUL IN KEEPING THE USG-APCAC DIALOGUE ON A CONSTRUCTIVE BASIS AND AVOIDING THE ACRIMONY WHICH HAS CHARACTERIZED SOME PAST APCAC CONFERENCES. THIS COOPERATIVE ATMOSPHERE WAS PARTICULARLY HELPFUL IN STAVING OFF A PROPOSED APCAC RESOLUTION CALLING ON THE USG TO LIFT ITS TRADE BAN WITH VIETNAM. APCAC RESOLUTIONS, WHICH WILL BE DEVELOPED INTO ACTION PLANS, SUPPORTED TECHNOLOGY TRANSFER, CODE OF CONDUCT FOR MULTINATIONALS, DISC, TAX DEFERRAL AND DITI, OPPOSED PROTECTIONISM, URGED CAUTION IN IMPOSING US STANDARDS ABROAD, ENCOURAGED A MORE STRUCTURED APPROACH TO ASEAN, CALLED FOR A STRONGER EXIM ROLE IN EXPANDING US EXPORTS. IN ADDITION, APCAC SUGGESTED LIBERALIZATION OF THE GSP RULES OF ORIGIN TO ALLOW GSP TREATMENT TO ASEAN AS A GROUP AND FOR APCAC COMPANIES TO ARRANGE MEETINGS BETWEEN THEIR HEAD OFFICES AND ASEAN REPRESENTATIVES IN WASHINGTON.

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